

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
FISCAL ANALYST
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 218
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: cc-fiscal@ci.detroit.mi.us

ANNE MARIE LANGAN
ASSISTANT FISCAL ANALYST
(313) 224-1078

TO: COUNCILMEMBERS

FROM: Irvin Corley, Jr., Director *ICJ*
Derrick Headd, Fiscal Staff Analyst *DH*

DATE: October 10, 2007

RE: Contract # 2708886 Recreation (**Regarding line Item 8**)

On October 4, 2007, during the Neighborhood & Community Services Standing Committee meeting, Councilmember Watson asked the Fiscal Analysis Division to determine if Contract # 2708886 Recreation (Change Order) is a violation of the City's Privatization Ordinance. The change order, an increase of \$42,216.00 but not to exceed \$64,216.00 is for the Construction/Demolition Belle Isle Lakeside Refectory Demo & Site Restoration.

The Privatization Ordinance, Chapter 18, Article V, Division 7, of the Detroit City Code stated purpose is: "...It is the intent of this ordinance to preserve City employees' jobs, while maintaining the rights of the City of Detroit to handle its affairs in an efficient, cost effective contract approval process for the good and welfare of its citizens." We discussed the particulars of this contract with Finance Purchasing and reviewed the scope of services (see attached) for the body of work required to complete the contract to determine if this was indeed a violation of the Privatization Ordinance.

According to Purchasing, the work involved is more intensive than the work performed by City employees. It does appear that the majority work involved in the project which includes, supplying, installing 533 tons of stone in the parking area and asbestos removal, go beyond the scope of work performed by City employees. Therefore, this contract does not appear to be a violation of the Privatization Ordinance.

Please contact us if we can be of any further assistance.

Attachment

cc: Council Divisions
Auditor General's Office
Audrey Jackson, Finance/Purchasing Division Director
Roger Short, Chief Financial Officer, Finance Department
Kandia Milton, Mayor's Office

AMENDED EXHIBIT A

SCOPE OF SERVICES

The *Contractor* shall provide and carry out in a satisfactory and proper manner, as determined by the Detroit Recreation Department (DRD), the following additional construction services at the Belle Isle Lakeside Refectory. The conduct of the construction services set forth herein and preparation of the work as described below shall be at the discretion of the DRD and is subject to the approval of the DRD.

I. NOTICE TO PROCEED

The *Contractor* will commence performance of this *Contract* upon receipt of a written Notice to Proceed from the *City*.

II. SERVICES TO BE PERFORMED

A. Scope of Work

The *Contractor* shall provide all necessary materials, labor, equipment and disposal costs, permits and inspection costs, supervision and any other required general conditions work or items to perform the following additional work which includes, but is not limited to:

- Supply, installation and grading of an additional 533 tons of stone aggregate in the parking lot area;
- Completion of asbestos abatement and removal on the building as required.
- Cut and cap 6 inch water main
 - Backfill and clean up
 - Spread topsoil and grade

End of Amended Exhibit A

City of Detroit
CITY COUNCIL

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October 10, 2007

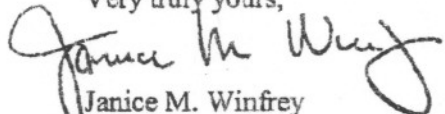
Mr. David Whitaker, Director, City Council Research & Analysis Division
Mr. Irvin Corley, Jr., Director, City Council Fiscal Analysis Division

RE: Finance Department/Purchasing Division Contract No. 2708886 - (CHANGE ORDER NO. 01) 100% City Funding - Construction/Demolition - Belle Isle Lakeside Refectory Demo & Site Restoration - Ferguson Enterprises, Inc., 14385 Wyoming, Detroit, MI 48238 - Upon Notice to Proceed - Until Completion of the Project - Contract Increase: \$42,216.00 - Not to exceed \$64,216.00 RECREATION

During the October 4, 2007 Neighborhood & Community Services Standing Committee meeting, the above captioned contract was referred to your office for review, as stated in the attached Clerk's notes. Also, Council Member Brenda Jones requested a copy of this original contract.

Please submit your response to the Clerk's Office by **THURSDAY, OCTOBER 11, 2007** inasmuch as this matter will appear as a line item on this Committee's calendar on that date.

Very truly yours,


Janice M. Winfrey
City Clerk

JMW:dg

Attachment

cc: Mr. Kandia Milton, Mayor's Office

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Janice M. Winfrey, City Clerk
200 Coleman A. Young Municipal Center • Detroit, Michigan 48226
(313) 224-3266

THURSDAY, OCTOBER 4, 2007- LINE ITEM NO. 7

RE: Submitting the following Finance Department/Purchasing Contracts:

2708886 - (CHANGE ORDER NO. 01) 100% City Funding - Construction/Demolition - Belle Isle Lakeside Refectory Demo & Site Restoration - Ferguson Enterprises, Inc., 14385 Wyoming, Detroit, MI 48238 - Upon Notice to Proceed - Until Completion of the Project - Contract Increase: \$42,216.00 - Not to exceed \$64,216.00 RECREATION

WATSON: There was a note from organized labor that said contract 2708886 was privatizing. **SO, I NEED THE RESEARCH AND ANALYSIS DIVISION AND ALSO FISCAL ANALYSIS TO HAVE YOUR FOLKS INVESTIGATE.** We don't want Council having contracts brought before us that might have us violating our own laws. We took action to say that there should not be privatization - there should be no contracts let for work that could be done by City employees.

JONES: **ALSO, I WOULD LIKE A COPY OF THE ORIGINAL CONTRACT SINCE THIS IS A CHANGE ORDER.**

WATSON: So, we'll bring that back next week as a line item with answers to the questions.

CONYERS: **COPIES FOR EVERYONE PLEASE.**

Kim Brown